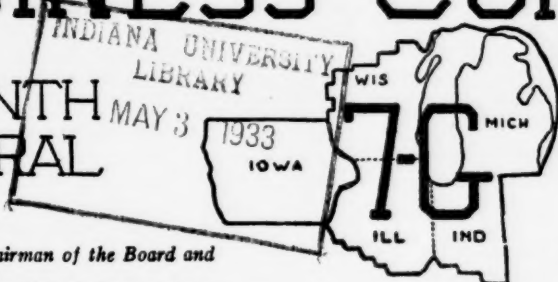


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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General Summary

AS in February, unsettled banking conditions in the first half of March somewhat retarded normal seasonal developments in Seventh district industry and trade, although improvement was noted after the middle of the month and certain phases, especially the distribution of commodities, showed gains over the preceding month that were greater than in the same period last year and close to seasonal in extent.

Activity at steel mills had reached an exceptionally low point in the middle of March but by mid-April had climbed to a level practically equal to that of a year ago at the same time. Automobile production gained in March, though less than seasonally, and was reported as expanding further in April. There was an increase recorded in March orders booked by steel and malleable casting foundries of the district, and shipments of steel castings gained in accordance with seasonal trend, although those of malleable castings failed to increase as is usual. Stove and furnace manufacturers also had larger shipments and orders in March, both shoe and leather production were greater, and building construction as well as the movement of most building materials showed seasonal improvement. Orders and shipments of furniture manufacturers, however, declined, contrary to trend for March. Industrial employment suffered rather sharp curtailment in the period.

In foodstuffs, the production and distribution of meat, butter, and cheese totaled heavier for March than in the preceding month, and the volume of meat and cheese produced also exceeded that of the same month last year. With the exception of a small gain in cheese distribution,

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	April 19 1933	CHANGE March 15 1933	FROM April 20 1932
Total Bills and Securities.....	\$340.0	\$-350.6	\$+162.9
Bills Discounted.....	18.1	-44.2	-24.1
Bills Bought.....	65.4	-27.7	+58.9
U. S. Government Securities.....	256.6	-158.7	+128.2
Total Reserves.....	876.9	+200.8	+178.5
Total Deposits.....	312.0	+42.3	+18.6
Federal Reserve Notes in Circulation.....	887.3	-180.5	+341.0
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	73.1	+22.6*	-10.0*

*Number of Points.

sales of these commodities were lighter than a year ago. Grain markets experienced considerable speculative activity after the resumption of banking operations, and a period of rising prices and expanded movement of grains ensued. Crop estimates by the Department of Agriculture, indicate that in the five states including the Seventh district there will be a 3 million bushel smaller winter wheat crop this year than in 1932.

Although expansion in most phases of merchandising activity was modified to some extent by the national banking holiday in the first half of March, aggregate sales for the month in the various groups recorded gains that were equal to or better than a year ago. Of the six reporting lines of wholesale trade included in this bank's survey, half experienced less than seasonal improvement over February, while gains in the others were greater than usual. The increase over the preceding month in March department store trade was somewhat less than seasonal but heavier than for last March. The retail shoe, furniture, and chain store trades, all showed expansion in accordance with seasonal trend. Distribution of automobiles, both at wholesale and retail, recorded marked gains in March over February—partly owing to heavier buying in Illinois prior to the inauguration of a sales tax on April 1—and the aggregate number of cars sold by reporting firms exceeded that of last March.

Member bank borrowing at the Federal Reserve Bank was reduced to a slightly greater extent between March 15 and the middle of April than it had increased in the preceding four weeks, reflecting improvement in the disturbed banking situation. Other financial and credit phases were considerably affected in March by the banking holiday, commercial paper sales and financing by means of bankers' acceptances, for example, being in exceptionally light volume during the month.

Credit Conditions and Money Rates

The resumption of more nearly normal banking conditions in the district during the period March 15 to April 19 was reflected in a decrease in demand for currency of more than 427 million dollars, which amount was the outstanding factor making for lessened member bank recourse to the Reserve bank in the period. Among the

items partially offsetting the decrease in borrowing were over 296 millions in funds lost through inter-district settlements for commercial and financial transactions, a decrease in holdings of U. S. securities by the Reserve bank (local transactions) of 33½ millions, an increase in member bank reserve balances of 25½ millions, and a 17 million dollar increase in special member bank deposits. The total of these four factors, however, together with five other smaller items was less than that of the changes making for a decrease, resulting in the 44 million dollar reduction in member bank borrowings. All changes affecting member bank borrowing are given in detail in the accompanying tabulation.

FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO

Changes between March 15 and April 19, 1933 (In millions of dollars)	
Changes making for decrease in member bank borrowing:	
1. Decrease in demand for currency.....	427.30
2. Decrease in non-member clearing balances.....	10.30
3. Decrease in unexpended capital funds.....	1.02
Total.....	438.62
Changes making for increase in member bank borrowing:	
1. Funds lost through inter-district settlements for commercial and financial transactions.....	296.40
2. Decrease in holdings of U. S. securities by the Reserve bank (local transactions).....	33.67
3. Increase in member bank reserve balances.....	25.49
4. Increase in special deposits—member bank.....	17.06
5. Decrease in holdings of acceptances by the Reserve bank (local transactions).....	10.14
6. Increase in special deposits—non-member bank.....	5.63
7. Excess of local Treasury receipts over expenditures.....	5.54
8. Decrease in reserve bank float.....	.51
9. Sales of gold to industry.....	.02
Total.....	394.46
Excess of changes making for decrease in member bank borrowing:	44.16
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks).....	44.16

During the seven-day period ended April 15, downtown Chicago banks reported the prevailing rate on customers' commercial loans as 4 to 5 per cent, as compared with 4½ to 5 per cent in the corresponding period of March. The average rate earned on loans and discounts by downtown banks in Chicago during the calendar month of March rose to 4.40 per cent, as against 3.90 in February and 4.91 in March 1932.

Commercial paper sales of reporting dealers in the Seventh Federal Reserve district aggregated less than three million dollars during March and were only a small fraction of those in March last year and of the 1923-32 average for the month—a reflection of the banking holiday and the continuance of restricted borrowing and light demand. Selling rates rose, quotations for March being 1½ and 3 per cent for prime short-term obligations to 4 and 4½ per cent for those of longer maturity or less well-known paper; the bulk of sales took place within a range of 3 to 3½ per cent. March 31 outstandings were lower than for any reporting date on record (January 1923). Sales for the first half of April, under the influence of an improved demand and moderate supply, showed a marked increase over the corresponding weeks of a month earlier when there was a cessation of business. Quotations declined, rates for April 15 ranging from 2 per cent for prime short-term obligations to 2½ and 3½ per cent for less well-known paper; the bulk of transactions took place within a range of 2¼ to 3 per cent.

Local purchases of acceptances by dealers in the Chicago bill market were only moderate from March 16 to April 12, but total supplies were augmented to such an ex-

tent by heavy receipts from Eastern markets that they not only totaled 77 per cent heavier than a month earlier but were larger than for any corresponding period since October 15 to November 10, 1931. These bills moved rapidly into local investment channels. Dealers, therefore, were unable to accumulate any acceptances in their own portfolios. Rates declined progressively during the period, and on April 13 were quoted as ½ per cent for 30-day offerings to one per cent for those of 180 days.

Coincident with the banking moratorium, new financing by means of bankers' acceptances in the Seventh Federal Reserve district aggregated less in March than for any previous month since September 1928. Moreover, the direct discounting of these bills at the originating banks was only slightly greater than the exceptionally low volume of December 1932. Purchases of other banks' acceptances, though declining from February, showed a marked gain over last March so that total purchases aggregated only slightly smaller than a year ago. Extensive liquidation to meet the drain of deposit withdrawals preceding the holiday, caused total sales to reach a higher point than for any month since September 1931. As a consequence, portfolios of bankers' acceptances fell off sharply on March 31 from a month earlier. The liability for outstanding bills continued to decline. New financing by means of bankers' acceptances aggregated 16 per cent heavier in the first half of April than for the corresponding weeks of March.

TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

	PER CENT CHANGE IN MARCH 1933 FROM	
	FEBRUARY 1933	MARCH 1932
Total value of bills accepted.....	-38.0	-45.1
Purchases (including own bills discounted).....	-37.0	-2.4
Sales.....	+127.6	+164.6
Holdings*.....	-52.1	+39.1
Liability for outstandings*.....	-8.5	-32.9

*At end of month.

SECURITY MARKETS

Immediately following the close of the banking moratorium the demand for bonds in the Chicago market increased, which effected an upward movement in prices. This activity diminished rather quickly, however, and irregularity, together with a steady drifting toward lower prices, characterized the market during the latter part of March and early April. Prices of high grade bonds were not changed materially during this period, but the dull trading made it difficult to liquidate sizable blocks of bonds. An exception to the downward price trend during the first part of April was shown in United States Government obligations which were firm to slightly higher during the period. New offerings for March were negligible in volume. Following a slight advance upon the reopening of the Chicago Stock Exchange the middle of March, stock prices again moved downward within a narrow range. The average price of twenty leading stocks* amounted to \$19.39 on April 15, which is almost \$2.00 below the corresponding day in March.

* Chicago Journal of Commerce.

Agricultural Products

A 63 million bushel winter wheat crop in 1933 is forecast, by the United States Department of Agriculture, for the five states including the Seventh Federal Reserve dis-

tract. This estimate based on April 1 condition is 3 million bushels short of the 1932 harvest, largely due to lower vitality of the plants than a year ago. Pastures also are poorer than last year. As weather conditions have been unfavorable, plowing, seeding, and other field work is ten to fifteen days behind the usual schedule.

GRAIN MARKETING

New developments caused greater activity in the grain markets, beginning upon the resumption of trading in March, and continuing into April. Speculative interest in the wheat futures market, largely absent in recent months, developed in response to low estimates for the 1933 crop, continued reduction in domestic supplies and, later, to the decline of the dollar in foreign exchange. Rising prices for all grains characterized the period to the middle of April, and consequently the movement at primary markets expanded considerably.

Wheat receipts at interior centers increased 37 per cent from the February low level, in contrast to a five-year average loss of 11 per cent, and totaled only 2 per cent below a year earlier, though still considerably under the five-year March average. Shipments likewise increased more than seasonally, but were only about two-thirds the volume of receipts. United States visible supplies declined 10 million bushels during March and an additional 2½ millions by April 15, but on that date totaled only 58 millions below the corresponding year-ago figure, as compared with a maximum spread of 66 million bushels on March 25. Exports practically ceased before the middle of March when domestic prices reached a premium over Liverpool. Futures showed considerable strength in March, the net gain for May and July wheat being 6½ cents over the end of February, followed by an additional 10 cents a bushel increase by April 19, establishing the highest quotations since November 1931. Cash wheat made a corresponding advance.

Corn receipts at primary centers continued at a low level during March, but shipments expanded 30 per cent over February and were 46 per cent larger than a year ago. The movement of oats also expanded considerably over the preceding month, but as in the case of corn amounted to approximately half the five-year average volume for the month. Visible supplies of corn reversed the upward tendency of recent months, declining 6 million bushels by April 15 from the high point of March 11. Oats supplies declined moderately in the same period, but both grains remained in considerably greater volume than at the same time a year ago. Futures prices for these grains rose decidedly in March, and by April 19 corn had gained nearly 10 cents over the February close, while oats were 6 cents higher. A similar improvement was recorded for cash prices.

MOVEMENT OF LIVE STOCK

At public stock yards in the United States, cattle receipts declined in March from a month earlier—contrary to the usual trend—and lamb and calf receipts recorded less than the usual increase. On the other hand, hog marketings fell off to a smaller than seasonal extent. All continued under last year's volume and, with the single exception of lambs, showed a marked recession from the 1923-32 average for the month. However, the movement of cattle to inspected slaughter (inclusive of receipts that do not pass through public markets) increased in March, as is usual, and that of lambs and calves recorded a

greater than seasonal expansion. Shipments of cattle to feed lots experienced a counter to seasonal contraction in volume from February; those of calves and lambs likewise were much below the customary level for March.

MEAT PACKING

The volume of production at slaughtering establishments in the United States increased 4½ per cent in March over February—contrary to the usual trend—and was 1½ per cent in excess of a year ago, though aggregating 5½ per cent below the 1923-32 average for the month. Sales also increased, the total value billed to domestic and foreign customers being 1½ per cent greater than in February and 15 per cent under last March; the sales tonnage expanded 8½ per cent over the preceding month and was only ½ per cent smaller than a year ago and 3½ per cent under the 1923-32 average. On the other hand, payrolls at the close of the period showed a decrease of 1½ per cent in number of employees, 3 per cent in hours worked, and of 2 per cent in wage payments, as compared with the corresponding week of February. The price of pork products advanced in March over a month earlier; beef quotations held fairly steady; but those of lamb and veal declined. April 1 inventories decreased from the beginning of March, contrary to trend, and remained considerably below the level of a year ago and the 1928-32 average.

Shipments for export fell off sharply in March, largely reflecting a diminishing demand for American lard coincident with an increase in duties in Germany. Also, the lard trade in the United Kingdom remained moderate. Demand for United States meats throughout Europe continued on a restricted basis, except that a slight improvement in the ham trade took place in the United Kingdom. Moderate purchases of hams for later delivery also were reported in that country. British quotations for United States lard were under Chicago parity, but those of the Continent were in line with the United States markets. Inventories of American packing-house products in foreign countries (inclusive of stocks in transit) were reported as little changed from the beginning of March.

DAIRY PRODUCTS

Creamery butter production in the Seventh Federal Reserve district increased 8 per cent in March over February, as compared with an average expansion of 11½ per cent, and was 4 per cent less than a year ago but equal to the 1923-32 average for the month. The sales tonnage likewise showed a smaller than seasonal expansion—5½ per cent over February—totaling 2 per cent less than last March and only 4½ per cent larger than the ten-year

LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, March 1933.....	155	663	276	99
Federally Inspected Slaughter, United States March 1933.....	617	3,602	1,413	398
February 1933.....	569	3,647	1,250	317
March 1932.....	633	3,664	1,428	420

AVERAGE PRICES OF LIVE STOCK (Per hundred pounds at Chicago)

	WEEK ENDED APRIL 22 1933	MARCH 1933	MONTHS OF FEBRUARY 1933	MARCH 1932
Native Beef Steers (average)...	\$4.85	\$5.20	\$4.85	\$6.30
Fat Cows and Heifers.....	3.90	4.20	3.90	4.65
Calves.....	4.75	5.40	6.40	5.55
Hogs (bulk of sales).....	3.70	3.85	3.50	4.35
Yearling Sheep.....	3.70	4.50	4.70	5.10
Lambs.....	5.30	5.50	5.65	6.85

average. United States manufacture of the commodity increased in March as usual, but was $4\frac{1}{2}$ per cent under a year ago. That distribution for the country as a whole failed to exceed production to the degree that is customary for this season, is evidenced by April 1 inventories showing a smaller than usual recession from March 1. These holdings, therefore, aggregated slightly in excess of 1932 and only one-third smaller than the 1928-32 April 1 average. Prices held fairly steady during the month.

The manufacture of American cheese in Wisconsin increased $7\frac{1}{2}$ per cent, during the four weeks ended April 1, over the preceding period and was 3 per cent in excess of last year, although it aggregated $8\frac{1}{2}$ per cent less than the 1928-32 average. Distribution expanded 6 per cent and showed nearly double the average excess over production at this season. Despite these trends, total stocks of cheese in the United States were only seasonally lower than a month earlier. Prices held steady.

Industrial Employment Conditions

Employment and payrolls in industrial establishments of the Seventh district experienced an extensive curtailment between the payroll period of February 15 and that of March 15. A decrease of nearly 4 per cent in the number of wage earners employed more than offset the combined increases of the four preceding months, November to February inclusive, while a $5\frac{1}{2}$ per cent loss in wage payments continued the downward movement which was in evidence during February, contrary to the seasonal trend of that month. Employment and payrolls were again at levels below any previously recorded.

The general slowing-down of industrial activity during March was attributed by many of the reporting firms to the banking situation in that month. Manufacturing industries were especially affected by the closing of the banks, and decreases reported by such industries totaled $4\frac{1}{2}$ per cent for employment and nearly 8 per cent for payrolls. These losses compare unfavorably with the average February-to-March movement which for the eight years preceding 1933 amounts to an almost negligible decline in number of wage earners and a loss of less than one per cent in wage payments. All of the ten manufacturing groups contributed to the loss in payrolls from February

to March this year, and all but the leather products group shared in the employment decline.

The vehicles group, comprising the manufacture and repair of cars and locomotives and the making of automobiles and automobile accessories, showed reductions in both employment and payrolls, the latter decline following a contraction of approximately 20 per cent reported for February. The metal industries, exclusive of those classified as "vehicles," laid off about as many men as were added in February and reduced payrolls by an amount more than offsetting the rise of the preceding month. Payroll reductions exceeded 10 per cent in the textiles and wood products industry groups and ranged between 5 and 10 per cent in leather, food, vehicles, stone-clay-glass, and metals. Employment decreases in excess of 5 per cent were reported for rubber products, vehicles, and the wood products groups.

Changes in employment and payrolls in the non-manufacturing industries as a whole compared favorably with the February-to-March trend in recent years. While employment declined nearly one per cent, payrolls increased fractionally. Building and contracting registered greater than seasonal increases of $4\frac{1}{2}$ per cent in men employed and $13\frac{1}{2}$ per cent in their earnings. The utilities also showed a rise in payrolls, counter to the usual trend. These gains in payrolls were only partially offset by the continued decreases in the merchandise and coal mining groups.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Continuance of disturbed banking conditions in Michigan prevented acceleration of automobile production schedules in March to as great an extent as usual for the period, although total output exceeded that of the preceding month by a moderate amount and was only slightly under the volume of March 1932. Production of passenger cars during the month totaled 99,885 for the United States, which number is 9 per cent in excess of the small February volume and almost one per cent greater than in March last year when an expansion of but 6 per cent took place. The 1923-32 average gain for March is 22 per cent. The manufacture of trucks in March aggregated 18,047 in number, representing an increase of 18 per cent over a month previous but a decline of 8 per cent from a year ago. Data covering the first quarter of the year show that output of passenger cars in the period numbered 299,546, as against 292,116 in the same quarter of 1932, and that truck production totaled 55,098, compared with 63,409 in the first three months last year.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in March 1933 From Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	FEB. 1933	MAR. 1932	FEB. 1933	MAR. 1932
New Cars				
Wholesale—				
Number Sold.....	+25.8	+4.0	24	15
Value.....	+25.0	-21.5	24	15
Retail—				
Number Sold.....	+89.9	+19.8	68	40
Value.....	+79.4	-6.6	68	40
On Hand March 31—				
Number.....	-15.5	-51.9	69	40
Value.....	-14.2	-58.0	69	40
Used Cars				
Number Sold.....	+33.5	-8.5	68	40
Salable on Hand—				
Number.....	+6.2	-31.6	68	40
Value.....	+4.7	-54.8	68	40

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF MARCH 15, 1933			CHANGE FROM	
	REPORT- ING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARN- ERS %	EARN- INGS %
Metals and Products ¹	708	100,901	1,467	-3.0	-9.9
Vehicles.....	141	152,315	2,619	-8.1	-7.7
Textiles and Products.....	139	29,274	358	-0.9	-13.4
Food and Products.....	328	54,012	952	-0.9	-6.8
Stone, Clay and Glass.....	128	3,764	59	-2.3	-7.8
Wood Products.....	257	16,994	163	-5.5	-13.4
Chemical Products.....	107	12,183	258	-0.4	-1.4
Leather Products.....	76	15,880	208	+0.7	-6.5
Rubber Products ²	8	4,475	86	-11.2	-0.2
Paper and Printing.....	285	34,494	706	-3.6	-4.1
Total Mfg., 10 Groups....	2,177	424,292	6,876	-4.5	-7.8
Merchandising ³	196	28,531	535	-2.8	-4.3
Public Utilities.....	73	78,267	2,238	-0.3	+1.3
Coal Mining.....	20	2,882	60	-0.6	-11.2
Construction.....	323	6,055	106	+4.4	+13.4
Total Non-Mfg., 4 Groups.	612	115,735	2,939	-0.7	+0.3
Total, 14 Groups.....	2,789	540,027	9,815	-3.7	-5.5

¹Other than Vehicles. ²Michigan and Wisconsin. ³Illinois and Wisconsin.

Decided improvement was shown in March over February in sales of automobiles both at wholesale and retail, according to totals for reporting distributors and dealers in the district, and the number of new cars sold in each phase of distribution exceeded the volume of a year ago. An important factor in the gains recorded was the increased buying of cars in Illinois prior to the inauguration of a sales tax in that state on April 1. Stocks of new cars in dealers' hands at the end of March registered a greater decline than is usual for the month. Used car stocks, on the other hand, gained slightly between the end of February and March 31. Sales of used cars, though also gaining substantially in March over February, did not show as heavy an expansion as did those of new cars at retail and were somewhat under the volume sold in March 1932. The ratio of deferred payment sales to total retail sales of dealers reporting the item, recorded a slight decline in March from the preceding month and a year ago, standing at 42 per cent, which compares with 44 per cent in February and 46 per cent for identical dealers in March last year.

IRON AND STEEL PRODUCTS

Subsequent to the low level of activity prevailing in the first half of March, sales and specifications in finished steel registered moderate gains at Chicago district mills, which improvement continued to manifest itself through the first half of April. Furthermore, steel ingot output which had reached a low point of only 11 per cent of capacity in the middle of March, rose gradually until by the third week in April it had attained a level of between 22 and 24 per cent of capacity, or approximately equal to the rate prevailing last year at the same time. The automobile industry has furnished the major portion of business in recent weeks, although rail mills have also been operating and miscellaneous business has been fair. Finished steel prices have shown firmness throughout the period covered by this bank's survey, and advances have been recorded in certain grades of scrap.

Orders booked during March by both steel and malleable casting foundries in the Seventh district totaled heavier than in the preceding month, and the tonnage of those booked in steel castings was likewise greater than a year ago, owing to gains shown in this latter comparison by a few large firms. The increase over February in orders for steel castings amounted to 71 per cent in tonnage and that for malleable castings to only 9 per cent, with the former recording a gain of 20 per cent over last March and the latter a 17 per cent decline from a year ago. Shipments of steel castings were larger by 15 per cent than a month previous—a seasonal trend—but those of malleable castings fell off 16 per cent, contrary to trend. Production in each type of foundry followed the trend of shipments. Comparisons with last year in shipments and production continued to show heavy declines for the current period. Reporting stove and furnace manufacturers had shipments in March totaling $8\frac{1}{2}$ per cent larger in dollar volume than a month previous and new orders aggregating 16 per cent larger. Declines from the same month last year amounted to 29 and 17 per cent in the respective items.

FURNITURE

New orders of furniture manufacturers reporting to this bank contracted 23 per cent during March, having continued at January's volume throughout February—con-

trary to seasonal trend. This decline contrasts with an average increase in March over February in past years of 10 per cent, following upon a February recession averaging 30 per cent under the January peak. Shipments also fell off currently—2 per cent—in contrast to an average gain in other years of 15 per cent. Unfilled orders outstanding at the close of March, though declining about 13 per cent in the aggregate from a month previous, were nevertheless nine points higher in the ratio to current orders. Operations averaged 34 per cent of capacity, or 6 points higher than in February, and 14 points under March a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe manufacturing operations in the Seventh Federal Reserve district continued to expand in March—by $7\frac{1}{2}$ per cent over February—but were $1\frac{1}{2}$ per cent under last year and $9\frac{1}{2}$ per cent below the 1923-32 March average. Leather tanning and sales likewise increased over the preceding month and were less than a year ago. Prices remained about on a level with February.

Chicago trading in packer green hides fell off sharply from February, and sales of calf and kip skins remained on a restricted basis. On the other hand, shipments of these commodities from Chicago increased slightly in March over a month earlier. Prices advanced.

Building Materials, Construction Work

A more favorable trend was recorded during March by some lines of building materials in this district than for several months previous. Seasonal influences, related to improvement in weather conditions, together with a reaction from the extremely low levels earlier this year, accounted largely for this expansion.

Sales of lumber by reporting wholesale yards recovered sharply, following four months of almost unbroken decline, and came nearer to the volume of the same month a year earlier than has been shown in over two years. The gains of 41 per cent in dollar sales and 62 per cent in board feet were much greater than the five-year average gains for the month of 14 and $12\frac{1}{2}$ per cent, respectively. In comparison with a year previous, board feet recorded a slight increase, though dollar sales were considerably smaller than in March 1932. Accounts outstanding increased at a lower rate than dollar sales; hence, the ratio of accounts to sales dropped to the lowest point since the end of October 1932. Prices revealed no significant change, and stocks continued to diminish.

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	MAR. 1933: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	FEB. 1933	MAR. 1932	
Wholesale Lumber:			
Sales in Dollars.....	+41.0	-14.5	13
Sales in Board Feet.....	+62.3	+2.2	11
Accounts Outstanding ¹	+22.6	-2.0	11
Retail Building Materials:			
Total Sales in Dollars.....	+11.4	-25.5	141
Lumber Sales in Dollars.....	+33.4	-21.5	25
Lumber Sales in Board Feet.....	+47.1	-16.3	59
Accounts Outstanding ¹	+2.2	-18.0	138
Ratio of accounts outstanding ¹ to dollar sales during month			
	MAR. 1933	FEB. 1933	MAR. 1932
Wholesale Trade.....	219.7	252.7	193.9
Retail Trade.....	460.6	498.3	418.4

¹End of Month.

Sales of all materials at retail yards were 11 per cent larger than in February, as compared with an average gain in March of recent years of more than 30 per cent. This smaller than seasonal expansion was also evidenced by an increase in the loss from a year ago from 15 per cent in February to 26 per cent in March. Lumber sales at yards reporting this item showed a more favorable trend from February than did the total which evidenced a smaller proportion of fuel sales than earlier in the winter. Further reduction in yard stocks was reported by all but a few firms. The accounts-to-dollar-sales ratio improved considerably with accounts outstanding only slightly greater than a month earlier. Prices indicated some tendency toward firmness.

Cement shipments during March from midwestern mills expanded 60 per cent from the record low volume of February and were the largest since last November. They were also in excess of production, in contrast to March 1932 when production was double the volume of shipments. Production in March reached a new record low point, 31 per cent less than in February and 62½ per cent under the year-ago figure. Consequently, stocks showed a reduction—the first since last October. February distribution in the five states of this district gained 14 per cent over January, but totaled one-third lower than in February 1932. The clay products industry experienced no recovery in March from its recent depressed levels, and in some localities the demand for brick and tile was adversely affected by the absence of banking facilities.

BUILDING CONSTRUCTION

A seasonal increase in building activity during March in the Seventh Federal Reserve district was reflected in a 4 million dollar gain over February in total contracts awarded during the month, although with the exception of February the aggregate was the smallest on our records going back to 1919. Residential contracts, included in the total, recorded the first gain since last September and were larger than for any month since October 1932.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
March 1933.....	\$7,908,552	\$1,373,598
Change from February 1933.....	+102%	+111%
Change from March 1932.....	-62%	-39%
First three months of 1933.....	\$20,035,243	\$2,790,473
Change from same period 1932.....	-61%	-58%

*Data furnished by F. W. Dodge Corporation.

Expansion in building activity was also indicated in permits issued during March in 96 cities of the Seventh district. The estimated cost of proposed work, according to the 1,782 permits issued, increased 90 per cent over

February, though totaling 49 per cent below the figure of a year ago. The number of permits issued gained 76 per cent over a month previous and was only 29 per cent under March 1932. Over half the reporting cities, including the five large ones—Chicago, Detroit, Milwaukee, Indianapolis, and Des Moines—followed the trend of the district in the monthly comparison, registering gains in the estimated cost of proposed construction.

Merchandising

Seasonal increases in wholesale trade of the Seventh district were modified to some extent during March this year by the national banking holiday; nevertheless, gains in all reporting groups except drugs were equal to or greater than in March last year, and in half the lines were heavier than average for the period. Increases over February of 13 per cent in groceries, 50 per cent in shoes, and 11 per cent in electrical supplies were greater than seasonal, that in electrical supplies contrasting with a slight decline in the same month of 1932. However, the expansion of 27 per cent in the hardware trade, of 10 per cent in dry goods, and of one per cent in drugs, was smaller than usual. The declines recorded from a year ago in dry goods, shoes, and electrical supplies were not so large as in a similar comparison for February, in groceries the decrease totaled about the same, while in hardware and drug sales the declines were heavier. Sales in the first quarter of 1933 totaled less than in the same three months of 1932 by 16 per cent in groceries, 24 per cent in drugs, 29 per cent each in dry goods and electrical supplies, 31 per cent in hardware, and 22½ per cent in shoes. March collections were likewise adversely affected by the banking holiday, but ratios of accounts outstanding at the end of the month to sales during the month were smaller for most groups than a month previous.

The 16 per cent expansion recorded over February in March department store trade of the Seventh district was less than seasonal, comparing with a 20 per cent gain in the ten-year average for the month, but was a little greater than the 14 per cent increase shown in March last year. Gains among the larger cities ranged from only 10 per cent for Milwaukee to 19 per cent in Chicago, Indianapolis and Detroit sales increasing 11 and 12 per cent, respectively. The dollar volume sold by reporting stores in other cities of the district totaled 14 per cent greater than in the preceding month. It may be noted in the table that Chicago trade showed the most favorable trend as compared with a year ago and Detroit the heaviest loss. First-quarter business this year totaled 25 per cent less than in the same period of 1932 when, in turn, trade was almost 25 per cent below the first three months of 1931. The 2

DEPARTMENT STORE TRADE IN MARCH 1933

LOCALITY	PER CENT CHANGE MARCH 1933 FROM MARCH 1932		PER CENT CHANGE FIRST THREE MONTHS 1933 FROM SAME PERIOD 1932		RATIO OF MARCH COL- LECTIONS TO ACCOUNTS OUTSTANDING END OF FEB.	
	NET SALES	STOCKS END OF MONTH	NET SALES		1933	1932
Chicago.....	-18.0	-17.2	-18.6		22.1	30.5
Detroit.....	-43.3	-33.5	-38.8		21.7	31.8
Indianapolis.....	-27.5	-23.6	-22.7		31.2	39.6
Milwaukee.....	-28.5	-24.5	-27.4		27.2	31.0
Other Cities.....	-26.9	-29.2	-24.7		26.3	28.2
7th District.....	-26.5	-23.6	-25.2		24.3	31.2

WHOLESALE TRADE IN MARCH 1933

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTAND- ING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLEC- TIONS	
Groceries.....	-16.7	-21.2	-1.8	-13.4	124.4
Hardware.....	-32.1	-21.0	-15.7	-37.2	359.5
Dry Goods.....	-32.4	-32.2	-29.4	-35.7	363.4
Drugs.....	-31.9	-24.6	-4.5	-29.5	275.5
Shoes.....	-18.0	-26.1	-52.1	-40.8	261.2
Electrical Supplies.....	-23.3	-27.8	-15.2	-31.7	247.1

per cent gain during March over the end of February in stocks on hand was smaller than usual for the period; the rate of stock turnover, however, showed no tendency to increase.

The retail shoe trade in this district expanded 31 per cent in March over February, according to sales data furnished by reporting dealers and department stores. This gain, following upon a smaller than seasonal recession in February, compares with a 45 per cent increase in the 1926-32 average for the month, but is somewhat higher than that experienced in March of the preceding three years. Sales totaled 32½ per cent smaller than in the corresponding month last year, and the aggregate for the first three months of this year was 30 per cent below that of the same period of 1932.

March sales of furniture and house furnishings at retail exceeded those of the preceding month by 8 per cent, as against an average increase of 7 per cent for the years 1927 through 1932. This gain was in contrast to a decline of 9 per cent during March last year. Sales recorded a decrease of 30 per cent from a year ago, which represented some reduction from the 40 per cent decline recorded in a similar comparison for February.

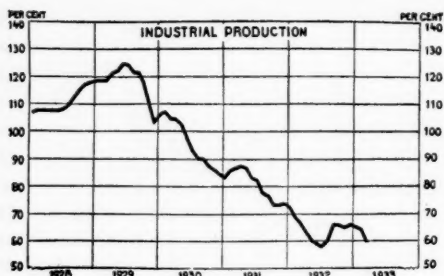
Fourteen chains operating 2,565 stores in March, had sales totaling 6 per cent heavier than a month previous and 14 per cent smaller than in March 1932. All reporting groups except shoes shared in the gain over the preceding month; they include grocery, drug, five-and-ten-cent store, cigar, men's clothing, and musical instrument chains.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

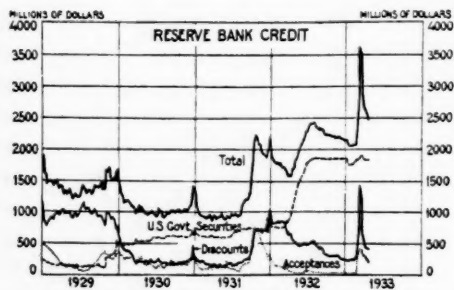
(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	Mar. 1933	Feb. 1933	Jan. 1933	Dec. 1932	Nov. 1932	Oct. 1932	Mar. 1932	Feb. 1932	Jan. 1932	Dec. 1931	Nov. 1931	Oct. 1931
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	45	44	46	46	49	58	53	53	58	58	65	79
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	14	11	10	11	10	11	10	17	15	16	19	18	20
In Tons.....	14	12	10	12	10	12	10	17	14	15	20	19	20
Malleable—In Dollars.....	21	10	11	11	11	10	9	17	16	15	15	13	16
In Tons.....	21	16	20	20	18	16	16	30	28	26	26	21	25
Stoves and Furnaces—													
Shipments (in dollars).....	11	37	34	22	46	71	101	53	43	32	58	87	143
Furniture—													
Orders (in dollars).....	17	19	24	24	15	19	29	33	30	38	22	32	39
Shipments (in dollars).....	17	20	21	18	17	24	32	38	32	24	30	35	43
Flour—													
Production (in bbls.).....	25	105	87	99	106	108	117	110	96	98	98	105	125
Output of Butter by Creameries—													
Production.....	67	92	85	93	86	77	92	96	93	92	91	88	100
Sales.....	69	96	91	89	89	97	87	97	93	91	104	90	102
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	29	58	51	52	65	64	65	70	61	60	67	68	76
Hardware.....	12	28	22	22	30	36	43	40	32	30	46	47	57
Dry Goods.....	9	23	21	25	25	34	37	35	34	30	39	43	49
Drugs.....	13	50	49	58	60	56	58	72	67	66	72	70	79
Shoes.....	6	29	19	21	22	39	36	35	29	25	37	44	60
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	23	52	44	44	93	61	66	63	54	54	127	75	83
Detroit.....	5	45	40	48	108	70	73	80	75	65	149	92	95
Indianapolis.....	5	51	46	52	104	66	77	70	60	62	134	80	90
Milwaukee.....	5	51	46	47	101	74	78	72	61	68	141	92	102
Other Cities.....	44	44	38	40	83	57	60	61	52	50	117	76	84
Seventh District.....	82	49	43	45	96	64	68	67	59	57	131	80	88
Automobile Production—(U. S.)—													
Passenger Cars.....	34	31	37	29	16	12	12	34	32	34	33	17	20
Trucks.....	48	41	58	56	32	36	36	52	62	55	63	52	58
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....	5	2	3	3	5	7	7	8	10	5	9	12	17
Total.....	12	6	12	14	20	17	17	31	26	18	22	31	27
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....	18	21	19	19	19	20	20	37	40	41	41	41	41
United States.....	18	20	19	18	21	21	21	32	34	32	32	38	39
Steel Ingot Production—(U. S.).....	25	33	29	24	29	31	31	39	44	42	38	48	44
Unfilled Orders U. S. Steel Corp.....	39	39	40	41	41	42	42	52	53	56	57	61	65

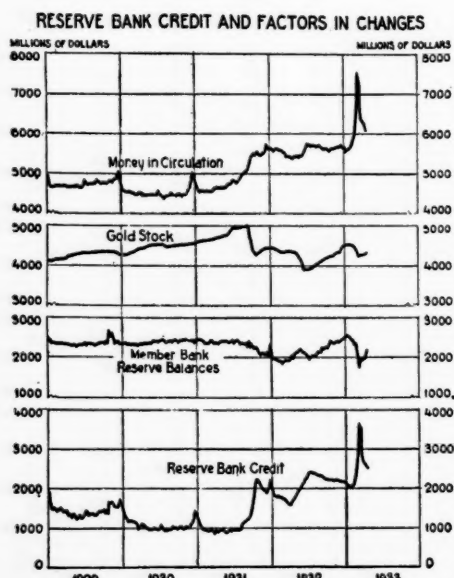
*Average daily production.



Index number of industrial production, adjusted for seasonal variation (1923-25 average = 100).



Wednesday figures for twelve Federal Reserve banks. Latest figures are for April 19, 1933.



Wednesday figures for twelve Federal Reserve banks. Latest figures are for April 19, 1933.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

PRODUCTION and distribution of commodities, which declined during the latter part of February and the early part of March, increased after the middle of the month. The return flow of currency to the reserve banks, which began with the reopening of banks on March 13, continued in April. Following the announcement by the President on April 19 that the issuance of licenses for the export of gold would be suspended, the value of foreign currencies in terms of the dollar advanced considerably, and there was increased activity in the commodity and security markets.

PRODUCTION AND EMPLOYMENT

Production at factories and mines decreased from February to March, contrary to seasonal tendency, and the Board's seasonally adjusted index declined from 64 per cent of the 1923-25 average to 60 per cent, compared with a low level of 58 per cent in July 1932. At steel mills, there was a decline in activity from an average of 20 per cent of capacity in February to 15 per cent in March, followed by an increase to more than 20 per cent for the month of April, according to trade reports. In the automobile industry where there was also a sharp contraction in output when the banks were closed, there was a rapid increase after the reopening of banks. From February to March, production in the food and cotton textile industries showed little change in volume. Activity in the woolen industry declined sharply, and there was a reduction in daily average output at shoe factories. At lumber mills, activity increased from the low rate of February, while output of bituminous coal declined by a substantial amount.

The volume of factory employment and payrolls showed a considerable decline from the middle of February to the middle of March. Comprehensive figures on developments since the reopening of banks are not yet available.

Value of construction contracts awarded in the first quarter, as reported by the F. W. Dodge Corporation, was smaller than in the last quarter of 1932 by about one-third.

DISTRIBUTION

Volume of freight loadings, on a daily average basis, declined from February to March by about 7 per cent, reflecting in large part a substantial reduction in shipments of coal. Shipments of miscellaneous freight and merchandise, which usually increase at this season, declined in the early part of March and increased after the middle of the month. Department store sales which had declined sharply in the latter part of February and in the first half of March, increased rapidly after the reopening of banks.

WHOLESALE PRICES

Wholesale prices of leading commodities fluctuated widely during March and the first three weeks of April. In this period, grain prices increased sharply and prices of cotton, hides, nonferrous metals, pig iron, scrap steel, and several imported raw materials advanced considerably. During the same period, there were reductions in the prices of rayon, petroleum, and certain finished steel products.

BANK CREDIT

Currency returned rapidly to the reserve banks and the Treasury following the reopening of the banks, and on April 19 the volume of money in circulation was \$1,500,000,000 less than on March 13, when the peak of demand was reached. Funds arising from the return flow of currency were used to reduce the reserve banks' holdings of discounted bills by \$1,035,000,000 and their holdings of acceptances by \$200,000,000. At the same time member bank reserve balances increased by \$390,000,000. As a result of the decline in Federal Reserve note circulation and an increase in Federal Reserve bank reserves, chiefly through the redeposit of gold and gold certificates, the reserve ratio of the twelve Federal Reserve banks combined advanced from 46.5 per cent on March 13 to 61.5 per cent on April 19.

Deposits of reporting member banks in New York increased rapidly after the reopening of the banks, and on April 19 net demand deposits were \$620,000,000 larger than on March 15, reflecting in part an increase of \$380,000,000 in bankers' balances, as funds were redeposited by interior banks.

Money rates in the open market, after a temporary advance in the early part of March, declined rapidly, but were still somewhat higher than early in February. By April 21, rates on prime commercial paper had declined from 4½ per cent to a range of 2-2½ per cent, rates on 90-day bankers' acceptances from 3½ per cent to ½ of one per cent, and rates on renewals of call loans on the stock exchange from 5 per cent to one per cent.

On April 7 the discount rate of the Federal Reserve Bank of New York was reduced from 3½ to 3 per cent. The bank's buying rate on 90-day bankers' acceptances was reduced from 3½ per cent on March 13 to 2 per cent on March 22.

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